

Company Registration No. 3686940

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

For the year ended 31 March 2006

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2006

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UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I R Fox
Z Hyde Peters
H J Jacobs
D R Moorcroft
R M Simons
B F Smith
J R Taylor
A J Walker

SECRETARY

H J Jacobs

REGISTERED OFFICE

Athletics House
Central Boulevard
Blythe Valley Park
Solihull
B90 8AJ

BANKERS

National Westminster Bank plc
Chamber of Commerce House
36 Highfield Road
Edgbaston
Birmingham
B15 3BJ

SOLICITORS

Farrer & Company
66 Lincoln's Inn Fields
London
WC2A 3LH

AUDITORS

haysmacintyre
Chartered Accountants
Fairfax House
15 Fulwood Place
London WC1V 6AY

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
Year to 31 March 2006

The directors present their annual report and the audited financial statements for the year to 31 March 2006.

ACTIVITIES

The principal activities of the company during the period were to carry out the functions of the governing body for athletics in the UK and to facilitate the development of athletics from schools to the highest level, and the provision of competition from local to grand prix events.

RESULTS

The results for the year after taxation show a deficit of £634,438 (prior year surplus £197,325).

The directors determined that the company should invest both from its successful commercial programmes and from its own reserves to accelerate the modernisation of the sport across the UK, as well as continuing to make significant monetary commitments to the nation wide development of athletics.

Given the forecast income for future years the directors deem the deficit in the year ending 31 March 2006 to be acceptable given the need to maintain the level of activity in support of these objectives.

In accordance with the Memorandum and Articles of Association, no dividend can be paid and this is unchanged since incorporation.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During the year UK Athletics announced the extension of the Norwich Union commitment to athletics until the end of 2012. The new agreement commences from 1st January 2007 and represents the largest UK sponsorship deal outside football and is worth nearly £50,000,000 to the sport. This relationship provides a sound financial basis for the sport going forward.

See Annual Review for further information.

DIRECTORS

The directors who served during the period and to the present date are listed on page 1.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the period.

EMPLOYEE INVOLVEMENT

The company has continued its practice of keeping employees informed of the factors affecting the performance of the company and other matters affecting them as employees. This is achieved through regular management and employee meetings. A newsletter is regularly prepared and distributed to all employees.

FINANCIAL INSTRUMENTS

The company finances its operations simply using bank balances and overdraft, plus debtors and creditors. The cash flow is also regularly monitored.

RISKS AND UNCERTAINTIES

The Board of directors will review the risks and uncertainties facing the company in the year ending 31 March 2007.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
Year to 31 March 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Messrs haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

AUDIT INFORMATION

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Approved by the Board of Directors
and signed by order of the Board



Helen J Jacobs
Secretary

20 December 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK ATHLETICS LIMITED
(A Company Limited by Guarantee)**

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

haysmacintyre
Chartered Accountants
Fairfax House
15 Fulwood Place
London
WC1V 6AY



Registered Auditors

20 December 2006

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
Year to 31 March 2006

	Note	2006 £	2005 £
INCOME			
TV Events		7,264,800	7,713,182
Performance		4,792,515	5,107,004
Core Activity		6,064,771	5,743,404
		<u>18,122,086</u>	<u>18,563,590</u>
EXPENDITURE			
TV Events		6,806,324	6,972,558
Performance		5,484,971	5,213,596
Core Activity		6,663,764	6,229,614
		<u>18,955,059</u>	<u>18,415,768</u>
(DEFICIT)/SURPLUS FROM OPERATING ACTIVITIES	4	(832,973)	147,822
Interest received		<u>157,787</u>	<u>120,648</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(675,186)	268,470
Tax credit/(charge) on ordinary activities	5	<u>40,748</u>	<u>(71,145)</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>(634,438)</u>	<u>197,325</u>

All income and expenditure derives from continuing activities.

There are no recognised gains or losses other than the results for the current financial year and the preceding financial year.

The notes on pages 8 to 16 form part of the financial statements.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET
31 March 2006

	Note	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		363,845		152,992
CURRENT ASSETS					
Debtors	7	1,847,761		2,325,515	
Cash at bank and in hand					
Cash		1,870,116		2,094,108	
Restricted cash	8	<u>1,601,311</u>		<u>1,755,812</u>	
		5,319,188		6,175,435	
CREDITORS: amounts falling due within one year	9	<u>(4,833,166)</u>		<u>(4,236,312)</u>	
NET CURRENT ASSETS			<u>486,022</u>		<u>1,939,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			849,867		2,092,115
PROVISIONS	10		-		(607,810)
			<u>849,867</u>		<u>1,484,305</u>
RESERVES					
Accumulated fund	11		<u>849,867</u>		<u>1,484,305</u>

These financial statements were approved by the Board of Directors on 20 December 2005

Signed on behalf of the Board of Directors.



David Moorcroft

Director



Helen J Jacobs

Director

The notes on pages 8 to 16 form part of the financial statements.

UK ATHLETICS LIMITED
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CASH FLOW STATEMENT
Year to 31 March 2006

	Note	2006 £	2005 £
Cash (outflow)/inflow from operating activities	12	(83,891)	838,509
Returns on investments and servicing of finance			
Interest received		157,787	120,648
Taxation		(53,252)	(7,519)
Capital expenditure			
Purchase of tangible fixed assets		(240,383)	(166,023)
(Decrease)/increase in cash in the period		<u>(219,739)</u>	<u>785,615</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 £
Decrease in cash in the period	(219,739)
Net funds at 1 April 2005	<u>3,691,166</u>
Net funds at 31 March 2006	<u>3,471,427</u>

The notes on pages 8 to 16 form part of the financial statements.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Income

Income represents amounts derived from the provision of goods and services and grants received which fall within the company's ordinary activities within the United Kingdom after deduction of value added tax.

Sponsorship and income from significant television contracts is recognised by allocating cash received against the number of attributed events each year. Other income is recognised on the day it becomes contractually payable.

Grants are recognised on the day they are received, or on the first day of the grant period, whichever is the later.

Interest is recognised on the basis of amounts received in the period.

Tangible fixed assets

Significant tangible fixed assets are stated at cost and are depreciated on a straight line basis from the month of purchase at the following annual rates:

Computer equipment	3 years
Office equipment	5 years
Leasehold improvements	7 years

Deferred Tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company for the financial year.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006	2005
	£	£
Directors' remuneration		
Emoluments	367,714	390,072
Contribution to a money purchase pension scheme	31,513	34,098
	No.	No.
Number of directors who are members of a money purchase scheme	3	3
Remuneration of the highest paid director		
Emoluments	101,295	98,345
Company contributions to a money purchase scheme	8,458	8,212
	£	£
Employee costs during the year (including directors)		
Wages and salaries	3,451,262	3,087,649
Social security costs	347,417	309,814
Pension costs	228,485	239,485
	4,027,164	3,636,948
	No.	No.
Average number of employees by category		
Athletics Development	13	12
Performance	41	42
Competition	4	4
Chief Executive's Office & Communications	8	8
Strategy	3	3
Operations	20	20
Business Development	5	5
Full-time equivalents	94	94
UK Athletics also employs the following number staff to deliver local athletics on a part time basis	127	116

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

3. GRANTS RECEIVED

Grants include the following:

	2006	2005
	£	£
Sport England	2,746,034	2,086,878
UK Sport	2,864,906	3,293,747
World and European athletics bodies	30,601	54,667
Sportsmatch	2,848	27,152
Athletics Foundation	348,500	30,000
Foundation for Sport and the Arts	133,376	340,274
Other	33,086	37,301
	<u>6,159,351</u>	<u>5,870,019</u>

4. (DEFICIT)/SURPLUS FROM OPERATING ACTIVITIES

**(Deficit)/surplus from operating activities is stated
after charging:**

Auditors' remuneration	16,800	16,500
Operating lease expenditure – land and buildings	94,800	118,870
Operating lease expenditure – other	2,874	114,451
Depreciation of tangible fixed assets	29,530	17,626
	<u>143,904</u>	<u>467,447</u>

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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

5. TAX (CREDIT)/CHARGE ON ORDINARY ACTIVITIES

Analysis of the tax (credit)/charge in the year

	2006	2005
	£	£
Current tax		
Corporation tax at 30% (2005:30%) based on the (deficit)/surplus for the year	(53,252)	53,252
Adjustment in respect of prior periods	9,717	-
	<u>(43,535)</u>	<u>53,252</u>
Deferred tax		
Origination and reversal of timing differences	2,787	17,893
	<u>(40,748)</u>	<u>71,145</u>

Factors affecting the tax charge/(credit) for the year

The current tax (credit)/charge arising in respect of the year is different from the standard rate of UK corporation tax of 30% (2005 - 30%). The differences are explained below.

	£	£
(Deficit)/surplus on ordinary activities before tax	<u>(675,186)</u>	<u>268,470</u>
(Deficit)/surplus multiplied by standard rate of 30% (2005:30%)	(202,556)	80,541
Effects of:		
Expenses not deductible for tax purposes	37,175	600
Depreciation in excess of capital allowances	-	4,847
Capital allowances in excess of depreciation	(33,302)	
Marginal relief	1,252	(32,736)
Prior year adjustment	9,717	-
Losses carried forward	<u>144,179</u>	<u>-</u>
Current tax (credit)/charge for the year	<u>(43,535)</u>	<u>53,252</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
Cost				
At 1 April 2005	151,886	71,573	30,932	254,391
Additions	66,077	171,623	2,683	240,383
Disposals	-	(60,053)	-	(60,053)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	217,963	183,143	33,615	434,721
Depreciation				
At 1 April 2005	10,849	61,973	28,577	101,399
Charge for the year	21,699	7,308	523	29,530
Depreciation on Disposals	-	(60,053)	-	(60,053)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	32,548	9,228	29,100	70,876
Net book value				
At 31 March 2006	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2005	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. DEBTORS

	2006 £	2005 £
Trade debtors	218,735	237,655
Other debtors	109,152	118,429
Deferred tax	18,603	21,390
Corporation tax recoverable	43,535	-
Value added tax	248,782	302,298
Prepayments and accrued income	1,208,954	1,645,743
	<hr/>	<hr/>
	1,847,761	2,325,515
	<hr/> <hr/>	<hr/> <hr/>
Movement on deferred taxation balance in the period		
Opening balance	21,390	39,283
Debit to profit and loss account	(2,787)	(17,893)
	<hr/>	<hr/>
Closing balance	18,603	21,390
	<hr/> <hr/>	<hr/> <hr/>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

Analysis of deferred tax balance	2006 £	2005 £
Capital allowances in excess of depreciation	14,839	17,679
Short term timing differences	3,764	3,711
	<u>18,603</u>	<u>21,390</u>

8. CASH

Income received from the various Sports Councils is held within a trust account under a formal Trust Deed protecting it in the event of a forced distribution of assets, and can only be applied to specified expenditure. Balances in the Trust account are reported in the accounts as Restricted Cash.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	-	158,754
Trade creditors	765,625	647,693
Other taxation and social security	137,367	98,469
Corporation tax	-	53,252
Other creditors	396,682	747,471
Deferred income	2,410,078	1,434,921
Accruals	1,123,414	1,095,752
	<u>4,833,166</u>	<u>4,236,312</u>

Deferred income represents amounts invoiced or received in advance of events and activities due to take place in the following year.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

10. PROVISIONS

	£
Balance at 1 April 2005	607,810
Net change in year	71,476
Transferred to Deferred Income	(550,000)
Transferred to Creditors	(339,564)
Transferred to Income & Expenditure Account	210,278
	<hr/>
Balance at 31 March 2006	<u><u>-</u></u>

11. ACCUMULATED FUND

Balance at 1 April 2005	1,484,305
Deficit for the period	(634,438)
	<hr/>
Balance at 31 March 2006	<u><u>849,867</u></u>

12. RECONCILIATION OF (DEFICIT)/SURPLUS FROM OPERATING ACTIVITIES TO OPERATING CASH FLOWS

	2006 £	2005 £
Operating (deficit)/surplus	(832,973)	147,822
Depreciation	29,530	17,626
Decrease/(increase) in debtors	518,502	(232,269)
Increase in creditors	808,860	1,212,720
Decrease in provisions	(607,810)	(309,390)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u><u>(83,891)</u></u>	<u><u>838,509</u></u>

13. ANALYSIS OF NET FUNDS

	At 1 April 2005 £	Cash Flow £	At 31 March 2006 £
Cash at bank and in hand	3,849,920	(378,493)	3,471,427
Bank overdraft	(158,754)	158,754	-
	<hr/>	<hr/>	<hr/>
	<u><u>3,691,166</u></u>	<u><u>(219,739)</u></u>	<u><u>3,471,427</u></u>

UK ATHLETICS LIMITED

(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

14. OPERATING LEASE COMMITMENTS

At 31 March 2006, the group had annual commitments under non-cancellable operating leases as set out below:-

	At 31 March 2006		At 31 March 2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	2,687	-	-
In second to fifth year	-	4,637	-	21,792
In more than five years	248,812	-	189,598	-
	<u>248,812</u>	<u>7,324</u>	<u>189,598</u>	<u>21,792</u>

15. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2005 or 31 March 2006.

16. RELATED PARTIES

The following related party transactions occurred during the period (including VAT), in relation to direct costs incurred by UK Athletics Limited and recharged to the related party, or the recharge of costs incurred by UK Athletics Limited in respect of shared office costs and accommodation:

Amounts receivable:	Income	Debtor at 31 March 2006	Income	Debtor at 31 March 2005
	£	£	£	£
Young Athletes League	128	-	6,883	-
British Athletic Foundation	-	-	815	-
Athletics Foundation	353,560	10,500	30,925	-
	<u>353,560</u>	<u>10,500</u>	<u>30,925</u>	<u>-</u>
Amounts payable:		Creditor at 31 March 2006		Creditor at 31 March 2005
	Costs	£	Costs	£
Young Athletes League	48	-	47,048	-
London Marathon Limited	-	-	1,483	-
	<u>48</u>	<u>-</u>	<u>48,531</u>	<u>-</u>

UK Athletics Limited is the sole member of the Athletics Foundation, it has the right to review proposed Trustee appointments.

UK ATHLETICS LIMITED

(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

16. RELATED PARTIES (continued)

UK Athletics was the sole Trustee of the British Athletic Foundation and had the right to appoint Trustees. During the year to 31st March 2005 the British Athletic Foundation was merged into the Athletics Foundation and the British Athletic Foundation was subsequently dissolved.

The Athletics Foundation is a charitable company incorporated in England and Wales. The Athletics Foundation and British Athletic Foundation are both charities registered in England.

Mr Bryan Smith is also a director of London Marathon Limited.

Mr Adam Walker is the Chairman of Young Athletes League.

17. GUARANTEE

The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up. There are five members of the company.